

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6681
BILL NUMBER: SB 200

DATE PREPARED: Dec 6, 2001
BILL AMENDED:

SUBJECT: Office of Performance Review.

FISCAL ANALYST: Karen Firestone
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FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

STATE IMPACT	FY 2002	FY 2003	FY 2004
State Revenues			
State Expenditures		233,000	233,000
Net Increase (Decrease)		(233,000)	(233,000)

Summary of Legislation: The bill establishes the Office of Performance Review under the supervision of the State Board of Accounts.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The bill would require each state agency to develop a management and efficiency plan for its operation including, but not limited to, a statement of the state agency's mission, goals, and objectives, and measures for outcomes and outputs of the agency. Under the bill, the Governor and the Budget Agency would be required to set goals for state government to assist each state agency in developing its plan.

The bill would establish the Office of Indiana Performance Review under the supervision of the State Board of Accounts to conduct a performance review of each state agency. The performance review would analyze the effectiveness and efficiency of the policies, management, fiscal affairs, and operations of the state agency. The Office of Indiana Performance Review would consider the degree to which the state agency conforms to the state agency's management and efficiency plan. The bill would require the Office of Indiana Performance Review to deliver a copy of each performance review to the Governor, the Legislative Council, and the Budget Committee. Under the bill, the General Assembly could consider the results of a state

agency's performance review in determining the budget for the state agency. The State Board of Accounts would be allowed to adopt rules to implement the chapter.

According to the State Board of Accounts, the agency has the authority under current law to conduct performance audits. The State Board of Accounts focuses its resources primarily to conduct financial and compliance audits, although the State Board of Accounts has completed some performance audits. In order to prepare performance audits in addition to the audits currently prepared, it is estimated that the State Board of Accounts would need at least five additional staff members. (When the Legislative Services Agency performed 'sunset' performance audits, there was a staff of six.) Salaries and benefits for accountants, examiners, and auditors at the State Board of Accounts range approximately from \$36,000 to \$89,000. Assuming that the Board uses four junior staff and one senior staff for this function, salary and benefit costs for the audits required under the bill would be \$233,000. This estimate does not include the cost of travel, supplies, or other expenses, nor does it reflect cost savings that may be achieved through the performance review process.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Board of Accounts.

Local Agencies Affected:

Information Sources: Charles Johnson, III, State Auditor.